

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

Briefing on Proposed Contract Service Package and Procurement Process –
2014 Comprehensive Garbage, Recyclables, and Organic Waste Collection Contract

STAFF CONTACT

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POLICY ISSUE

City Contracting Policies:

- Bellevue City Code 4.28 provides for the fair and equitable treatment of persons in the purchasing process.
- The current contract was approved via Resolution No. 6922 on November 3, 2003.
- Vendor selection will be accomplished through a competitive request for proposal process.

Does the proposed contract service package ensure the provision of excellent garbage, recyclables, and organic wastes collection services for the best value?

DIRECTION NEEDED FROM COUNCIL

- ☐ Action
- ☒ Discussion
- ☒ Information

Discussion regarding proposed contract service package and procurement process. No formal action is required at this time.

BACKGROUND/ANALYSIS

The 2004 Comprehensive Garbage, Recyclables, Yard Debris and Organic Waste Collection Contract (2004 Contract) will expire on June 28, 2014. The process to develop and implement a new solid waste collection contract takes approximately two years to research, develop, and approve a scope of work; conduct a competitive procurement process; and then implement contracted services. Tonight, staff will provide foundational information, discuss with and seek input from Council on the proposed service package, and describe the procurement process.

History

The 2004 Contract, the worth of which fluctuates between \$19 and \$23 million¹ a year to the current contractor, resulted after a competitive public proposal/bid process during 2002-2003, with services commencing at the end of June 2004. The 2004 Contract fundamentally overhauled Bellevue's solid waste collection system by moving residential collection to single-stream recycling with wheeled carts, adding commercial recycling, expanding recyclables collected, adding single-family organic waste collection (yard debris plus food scraps), and adding other features.

The 2004 Contract provides for the following curbside services:

- Single-family garbage, recycling, organics, small appliances, small electronics, and clean clothing and linens collection;
- Multifamily garbage and recycling collection;
- Commercial garbage and recycling collection;
- On-call bulky waste collection for an additional fee; and,
- Landscape debris collection from Multifamily and Commercial customers for an additional fee.

A more detailed outline of the 2004 Contract's service package is included in Attachment A.

The City uses an embedded rate structure for most curbside collection in all service sectors. This means that customers receive services on a bundled basis and the cost is based on the size of their garbage container. The City also uses a "pay as you throw" rate system meaning that customer costs increase with the size of their garbage container and frequency of collection. The term of the 2004 Contract was seven years, with three one-year extensions at the discretion of the City. The City exercised the three extensions.

New Contract Development

In keeping with the City's Core Values of exceptional public service, stewardship, and innovation; the City's Comprehensive Plan's focus on well-maintained, livable neighborhoods, and policies to provide convenient opportunities for recycling, while maintaining a cost-effective and responsive solid waste collection system; and, Utilities' strategic plan mission statement, the following objectives guided the development of the draft 2014 Comprehensive Garbage, Recyclables, and Organic Waste Collection Contract (2014 Contract):

1. Ensuring an outstanding level of service at an excellent value for all customers.
2. Maximizing the amount of material diverted from the landfilled.
3. Providing a rate structure that provides incentives for recycling and organics participation.
4. Ensuring all customers have a base level of garbage, recycling, and organics service.
5. Ensuring a healthy and pleasing Cityscape in an environmentally sensitive manner.

The new and enhanced service package included in the draft 2014 Contract was informed by the following:

- Comparison of Bellevue's collection services with other solid waste collection programs around the region and throughout the country – included interviews of staff from other jurisdictions and review of solid waste contracts, procurement documents, and submitted proposals by competing vendors.

¹ The revenues received by the contractor fluctuate with the volume of garbage collected, the landfill tip fee charged by King County, and changes in the consumer price index. Garbage volumes, especially for commercial customers, tend to correspond to economic conditions.

- Review of customer feedback – included keeping records of issues and feedback from single-family, multifamily, and commercial customers, identifying recurring issues that could be managed through contract revisions, and reaching out to various customer groups for input.
- Input from solid waste collection vendors on the 2004 Contract – included sending copies of the 2004 Contract to solid waste collection vendors in the area, including CleanScapes, Republic Services, Waste Connections, and Waste Management, in November 2010 to solicit input.
- Environmental Services Commission (ESC) – included discussion at three ESC meetings between August and October 2012 on service package options and solicitation of input from commissioners, resulting in a recommendation to Council, which is included as Attachment B.
- Industry expertise and assistance with the scoping process and document development – included hiring consultants to assist in researching contract options and developing documentation, including the draft 2014 Contract.
- Stakeholder input on draft 2014 Contract – included directly providing all known solid waste and recycling collection vendors in region with a copy of the draft 2014 Contract and issuing notice in the *Seattle Daily Journal of Commerce* and *The Seattle Times* in November/December 2012 seeking input from all potential vendors and other stakeholders.

Proposed Service Package

The proposed service package to be included in the 2014 Contract was developed and refined over the course of the past two years, and builds on the service package already included in the 2004 Contract. Some of the new services include:

- Expanding customer service to seven days a week.
- Providing online account management.
- Expanding unlimited recycling to commercial customers.
- Expanding curbside organics to multifamily and commercial customers, with a 4-cubic yard per week maximum for embedded service.
- Offering quarterly single-family customer bulky waste collection at a reduced additional fee.
- Expanding on-call curbside recycling of small appliances, small electronics, and textiles to multifamily customers.

The proposed service package for the 2014 Contract is outlined below in Attachment A - Comparison of Solid Waste Contract Service Packages Since 1994, where the proposed service package is contrasted with prior City solid waste collection contracts.

Significant Changes

1. Rate Structures

Single-family Rate Structure

The draft 2014 Contract includes a change in the single-family rate structure from the current cost-of-service model to a linear model in which rates are proportional to garbage container size (e.g., rate for 64-gallon container service is twice the rate for the 32-gallon container service). This increases the steps between the rates for the different garbage container sizes, and is similar to the single-family rate structures of Bellevue's neighboring jurisdictions. The rate structure modification is designed to encourage recycling by making larger sized containers more expensive relative to the smaller sized containers for single-family customers. According to studies conducted for both the King County Solid Waste Division and Seattle Public Utilities, this modified rate structure motivates households to

recycle more and reduce amounts in their garbage containers. This provides both financial and environmental benefits. Financially, lower disposal quantities extend the life of Cedar Hills Landfill and, thus, postpone the time when the switch to more expensive disposal facilities will increase disposal costs. Households that downsize their garbage container size also may reduce their monthly garbage bills. Environmentally, additional recycling reduces the amount of methane, a potent greenhouse gas, generated at Cedar Hills Landfill and provides valuable recycled material resources that displace virgin raw material resources for manufacturing new products and packaging materials. Raw material displacement reduces pollutant emissions, decreases energy used for manufacturing, and conserves natural resources.

The impact of this single-family rate structure modification on household garbage bills depends on the extent to which households downsize their garbage collection containers. The draft 2014 Contract expands container options for single-family customers to include a new 10-gallon micro-can and a 45-gallon container for customers that cannot quite downsize completely to the standard 32-gallon container from the 64-gallon container. Based on the current customer garbage rates and container use distributions, and remaining revenue-neutral, 69% of single-family customers may see their rates decrease, while 31% of single-family customers with the larger container sizes will see higher rates, which they will be able to reduce by downsizing their garbage container. Regional experience has been that customers shift to smaller container sizes with the shift to linear rates. Of course, the average bill for the 32-gallon container customer will change based on the new rates proposed through the procurement process.

Multifamily/Commercial Rate Structure

No change to the multifamily/commercial rate structure has been proposed since it already includes a blend of cost-of-service and linear models that such customers can control based on the size of their container and frequency of collection. This blended rate structure provides incentives for customers to recycle and at the same time favors weekly collection so as to minimize collection vehicle traffic.

2. Multifamily/Commercial Organics Collection

The draft 2014 Contract provides all customers with a base level of services, including garbage, recyclables, and organics. This is an expansion of organics recycling to multifamily and commercial customers, with a maximum limit per week of 4 cubic yards embedded in the base garbage fee. Based on research by King County Solid Waste Division, organics (especially food scraps and food-soiled paper) in the multifamily/commercial waste stream provides the most significant opportunity for waste diversion. Providing all multifamily/commercial customers in the City with a minimum level of organics collection service should result in more organics materials being recycled into compost and less garbage going to Cedar Hills Landfill.

Procurement Process

Consistent with the City's purchasing policies, a competitive proposal ranking process for the procurement of the 2014 Contract was selected. A Request for Proposals (RFP) is planned to be issued in March of this year, followed by a two-month period for potential vendors to submit proposals to the City. Based on an evaluation of submitted proposals, the City would extend the first opportunity to reach agreement to the highest-ranked proposer. The selection criteria will include cost and qualitative factors.

The anticipated procurement and implementation schedule is:

- RFP issuance – March 2013
- Vendors submit proposals – May 2013
- Evaluation of proposals – May/June 2013
- Negotiations with highest-ranked proposer/finalize contract – July 2013
- Council approval of vendor-executed contract – July 2013
- City executes 2014 Contract – July 2013
- Implementation of 2014 Contract – August 2013 – June 2014
- Services under 2014 Contract commence – June 29, 2014

NEXT STEPS

The ESC reviewed the proposed service package for the draft 2014 Contract over the course of three meetings, which resulted in a recommendation that is included as Attachment B. In addition, input from industry experts, known vendors, and both residential and commercial customers was taken into consideration while developing the proposed service package. Staff will include any input received from Council while developing the final RFP for issuance in March.

ALTERNATIVES

1. Provide staff input on the proposed service package and direct staff to move forward, incorporating feedback as appropriate into the draft 2014 Contract to be included in the Request for Proposal to be issued in March 2013.
2. Provide staff with alternative direction.

RECOMMENDATION(S)

N/A

ATTACHMENTS

A – Comparison of Solid Waste Contract Service Packages Since 1994

B – Environmental Services Commission Recommendation to Council on 2014 Contract Proposed Service Package

AVAILABLE IN COUNCIL OFFICE FOR REVIEW

Draft Request for Proposals, with draft 2014 Contract

ATTACHMENT A

Comparison of Solid Waste Contract Service Packages Since 1994

SF- Single-family Customers; MF – Multifamily Customers

Bolded Items – New Services for that particular contract

1994 Solid Waste Contract	2004 Solid Waste Contract	Draft 2014 Solid Waste Contract
Curbside Garbage – all sectors	Curbside Garbage – all sectors	Curbside Garbage – all sectors
Curbside Recycling – SF and MF, 3-bin sorted system, unlimited amount	Curbside Recycling – all sectors, commingled system , unlimited amounts (except commercial recycling limited to 150% of garbage capacity)	Curbside Recycling – all sectors, commingled system, unlimited amount (including commercial)
Curbside Yard Waste – SF	Curbside Organics – SF, yard debris plus food waste	Curbside Organics – all sectors , including food waste
Pay-As-You-Throw – rates increase with amount of service subscribed	Pay-As-You-Throw – rates increase with amount of service subscribed	Pay-As-You-Throw – rates increase with amount of service subscribed; steeper steps
Embedded Rate Structure for SF – garbage, recycling, and yard waste included in one fee	Embedded Rate Structure for SF – garbage, recycling, and organics waste included in one fee; Embedded Rate Structure for MF & Commercial – garbage and recycling	Embedded Rate Structure for all sectors – garbage, recycling, and organic waste (with maximum limit per week for MF and Commercial) included in one fee
Arterial Litter Collection	Arterial Litter Collection	Arterial Litter Collection
On-call Bulky Waste Collection, for additional fee	On-call Bulky Waste Collection, for additional fee	On-call Bulky Waste Collection, for additional fee; Quarterly SF Bulky Waste Collection, for reduced additional fee
Customer Service and Billing	Customer Service and Billing	Customer Service and Billing
Free Garbage Service to City Facilities	Free Garbage Service to City Facilities, additional solid waste collection services, such as vector waste, at a reduced fee	Discontinue Free Service to City Facilities Due to Legal Ruling (Lane case)
	Additional Recyclables Collected	Additional Recyclables Collected
Recycling Incentive – MF (separate contract)	Recycling Incentive – MF and Commercial (wrapped into main solid waste contract)	Tiered Recycling Incentive – MF and Commercial
Contract Term 7 years + three 1 year options to extend	Contract Term 7 years + three 1 year options to extend	Contract Term 7 years + option to extend for 3 or 7 years
	Curbside Small appliances, Electronics and Textiles Collection – SF	On Call Curbside Small appliances, Electronics and Textiles Collection – SF and MF
	Curbside Landscape Debris Collection – MF and Commercial, for additional fee	Included in organics above, MF and Commercial for additional fee for amounts in excess of maximum limit
	Online Bill Payment	Online Bill Payment and Account Management
	Distance Fees Allowed	Distance Fees Eliminated

1994 Solid Waste Contract	2004 Solid Waste Contract	Draft 2014 Solid Waste Contract
		Inclement Weather Garbage Drop Sites
		Low Emissions Trucks
		Cap Miscellaneous Fees
		Eliminate Most Container Rental Fees
		Require Service on All Private Roads
		Require Friday Misses to be Collected on Saturday
		Label Container Size (e.g. 32-gallon)
		Require Plastic Dumpsters Where Allowed by Fire Department
		Sunken Cans Eliminated
		Require Contractor to Participate in Building Design Review Process


Attachment B



Post Office Box 90012, Bellevue, Washington, 98009-9012

Date: December 19, 2012

To: Mayor Lee and Councilmembers

From: Brad Helland, Chair - Environmental Services Commission 

Subject: Support of the 2014 Solid Waste Collection Contract Proposed Service Package

The 2004 Solid Waste Collection Contract (Current Contract) will expire on June 28, 2014. As part of the process to develop and implement a new solid waste collection contract, Utilities' staff briefed the Commission twice and took input on the service package and other contractual changes to be incorporated in the new Solid Waste Collection Contract (2014 Contract).

The Commission is in support of the proposed service package and contractual changes as outlined below.

The Current Contract, which is worth approximately \$22 million a year to the current contractor, includes the following service package, which the 2014 Contract proposes to expand on:

- Single-family curbside collection of garbage, recycling, organics (yard debris and food waste), small appliances, small electronics, and clean clothing and linens;
- Multifamily curbside collection of garbage and recycling;
- Commercial curbside collection of garbage and recycling;
- Arterial litter collection and on-call litter pick-up;
- On-call bulky waste collection for an additional fee;
- Landscape debris collection from Multifamily and Commercial customers for an additional fee;
- City facilities garbage, recycling, organics, vector waste, street sweepings, and concrete and asphalt recycling – some of these services are provided free, while others are provided at a set fee; and,
- Customer service assistance and billing.

The Commission supports adding the following services to the current service package to be incorporated in the 2014 Contract:

1. Multifamily and commercial curbside collection of organics recycling, with the rate embedded in the overall garbage rate.
2. Regular single-family bulky waste pickup.
3. In-City contractor-provided service center that includes an expanded drop-off recycling, retail, and seven days a week in-person and telephone customer service.
4. Expanded curbside recycling to include items such as fluorescent tubes and compact fluorescent light bulbs.

5. Extension of curbside collection of small appliance and small electronics to multifamily customers.
6. On-line account management and bill payment.
7. Inclement weather drop site for garbage during extended winter storm periods.

In addition to the new services being proposed, the Commission supports the following contract provisions that will result in improved performance, lower cost, and increased service to customers:

1. Require all low emissions vehicles, such as those powered by compressed natural gas. This is the industry standard.
2. Change the contractor's commercial recycling incentive mechanism to a tiered structure based on the total recycling/organics container capacity at a commercial customer's property relative to the garbage container capacity. This change will encourage the contractor to ensure that commercial customers have at least as much capacity for recycling on-site as they do for solid waste.
3. Change small appliance and electronics recycling to on-call service.
4. Provide unlimited commercial recycling, aligning the commercial recycling program with the single-family and multifamily recycling programs whose customers already enjoy unlimited recycling.
5. Place a cap on miscellaneous fees at a reasonable level so that City residents and businesses are not paying more than their unincorporated neighbors. Miscellaneous fees include carry-out fees, return trip fees, unlock container fees, etc.
6. Eliminate distance fees completely and make sure all costs of disposal are included in the base solid waste fee, ultimately saving commercial customers significant costs.
7. Eliminate all cart and container rental fees except on temporary containers.
8. Require that the contractor be able to provide curbside collection to all customers located on private roads.
9. Require Friday missed collections to be collected on Saturday.
10. Clearly label size of all containers so customers can compare the container size with that listed on their bill.
11. Require all containers in Bellevue to have Bellevue-specific labels.
12. Require plastic dumpsters where allowed by the fire marshal to reduce collection noise.
13. Require leaky container stickers that provide contact information to report a leak and get the container replaced.
14. Eliminate single-family customers' compost credit since there is no way to determine if customers are actually composting on-site.
15. Eliminate collection of sunken cans, and move these twenty single-family customers to above-ground containers for collections.
16. Eliminate free garbage service to City facilities due to recent court cases that have held that similar types of expenses are General Fund expenses.
17. Change the 2014 Contract term to seven years plus a seven year extension (or combination of years cumulative to seven) to align the 2014 Contract with that timeframe of the current King County Interlocal Agreement to take advantage of opportunities that might open up over the next fourteen years.
18. Require contractor to review submitted development plans to determine adequacy of space and access for solid waste collection.

The Commission understands that staff will brief the City Council at its study session to be held on Monday, January 14, 2013. At that time, staff will be able to provide more detail on each of the

items mentioned above and answer questions about the proposed service package and proposed contract provisions.

The Commission thanks the City Council for this opportunity to provide this input on the 2014 Contract. We look forward to seeing the final service package included in the final version of the 2014 Contract. Please feel free to contact the Commission through Utilities staff if you would like to discuss any of the above items.

Cc: Steve Sarkozy, City Manager
Brad Miyake, Deputy City Manager
Nav Otal, Utilities Director